

Roberto Puga, P.G.
Principal of Project Navigator Ltd, solely in its capacity as Trustee for
Hovensa Environmental Response Trust
1 Estate Hope
Christianstead, Virgin Islands 00820

Carey Guilbeau
Hovensa Environmental Response Trust
Trust Representative & Technical Program Manager
1 Estate Hope
Christianstead, Virgin Islands 00820

Re: EPA Approval of 2017 Budget of the HOVENESA Environmental Response Trust

Dear Mr. Puga and Ms. Guilbeau:

The United States Environmental Protection Agency – Region 2 (EPA) has received and reviewed the proposed 2017 budget submitted by the HOVENSA Environmental Response Trust (ERT) dated November 18, 2016, and revised on December 14, 2016 and May 10, 2017. Under the cover of these same letters, the ERT also submitted the proposed budget and its revisions to United States Virgin Islands (VI), both to the attention of Commissioner Henry, Department of Planning and Natural Resources (DPNR) and Attorney General Claude Walker of the Department of Justice. The estimated 2017 budget covers the time period starting on January 1, 2017.

As you are aware, Section 7.13 of the Environmental Response Trust Agreement (Agreement) specifies which matters are subject to approval by EPA, the United States Department of Justice (DOJ) and/or the VI. The proposed budget contains a detailed table (Table 1) itemizing the expected expenditures and corresponding costs, as well as a column in which the ERT indicates which items require EPA, DOJ and/or VI approval. EPA believes that the ERT correctly identified the party(ies) required to approve each item identified in its proposed budget.

Many of the projected expenditures listed in Table 1 (line items 1-6, 8, 10(b), 12-24) are subject to EPA approval after consultation with the VI. See Section 7.13.1 of the Agreement.^{1, 2} Line items 10a and 10b are subject to a judicial Consent Decree entered on June 7, 2011 (Civ. No. 1:22-cv-0006). On June 9, 2017, EPA sent a letter to the attention of Commissioner Henry, DPNR and Attorney General Walker stating that EPA was prepared to approve each of the above-referenced line items pending its review of any comments that the VI may have on these budgetary items. The letter indicated that EPA would assume the VI had no comments if it did not receive a response within two weeks. EPA has not received any written or oral comments from the VI regarding these budgetary items, and therefore hereby approves the above referenced line items of the 2017 Budget.

If you have any questions, please do not hesitate to contact Flaire Mills of my staff at 212 637-3198.

Sincerely,

Eric Schaaf
Regional Counsel
EPA - Region 2

cc: Dawn Henry, Commissioner VI DPNR
Claude Walker, Attorney General

¹ Line items 9, 26-29 and 31 listed in Table 1 are the administrative costs budgeted for 2017. These budgeted items are subject to approval by the United States Department of Justice (DOJ) and the Virgin Islands, see Section 7.13.5 of the Agreement, and are not therefore included in this approval.

² With respect to Lines 4 – 6 and 8, the release of money from Trust Funds is subject to EPA's review of the outstanding estimated cost of completing closure and corrective action, adjusted for inflation, and whether there is overage in the Trust Funds. Budget approval is distinct from this process.